

FHWA Chief Counsel's Letter Clarifying the Government's Retained License to Inventions and Copyrights

August 4, 1994

U.S. Department
of Transportation
Federal Highway
Administration

400 Seventh St S.W.
Washington, DC 20590

Aug 4, 1994

In Reply
Refer to: XC-32

Mr. Howard Goldstein
NYNEX Assurance Services
565 Taxter Road, 4th Floor
Elmsford, New York 10523

Re: Northstar Field Operational Test Project

Dear Mr. Goldstein:

This letter is to clarify the Federal law and, Federal Highway Administration (FHWA) policy regarding the Government's retained license to inventions and copyrights developed under an Intelligent Vehicle-Highway System (IVHS) Partnership Agreement. This clarification was requested by Mr. John Cosgroff during his telephone conversation with Ms. Julie Dingle on July 14.

The Government's policy governing rights to inventions created in the course of a Federal funding agreement: (including an IVHS Partnership Agreement) is set forth in Chapter 18 of title 35, United States Code. All Federal-funding agreements must include the requirements established in paragraph 202(c)(4) and §203 of Chapter 18. Accordingly, the IVHS Partnership Agreement must include a provision for retention by FHWA of a license to practice any subject invention arising under the Agreement. Specifically, paragraph 202(c)(4) provides:

With respect to any subject invention in which a contractor elects rights, the Federal agency shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States any subject invention throughout the world.

The standard patent rights clause which implements this statute, and which is incorporated by reference in IVHS Partnership Agreements, requires the recipient (in this case, the State DOT) to include this provision in all contracts, subcontracts and subgrants for experimental, developmental or research work.

FHWA construes the scope of its license to include the following:

(1) Research and development and support services performed under a Federal procurement contract.

2) Use of the subject invention on a federally-owned road.

FHWA does not construe the scope of its license to include sublicensing the technology to a State or Local government, bridge, tunnel or turnpike authority, or private entity for uses unrelated to the two described above.

FHWA's objective in IVHS operational test projects is to provide seed money to operationally test a technology under real-world conditions. Consistent with the Federal patent policy, private sector participants in operational tests retain title to the subject inventions as an incentive to develop technological innovations. FHWA retains the minimum license necessary to meet FHWA's needs, leaving contractors with the rights necessary to encourage private sector investment in the development of commercial applications.

With respect to copyrights, 49 CFR § 18.34 provides that the Federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

(a) The copyright in any work developed under a grant, subgrant, or contract under a grant or subgrant; and

(b) any rights of copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

Again, this is a Federal Government purpose license. This license does not extend to commercial purposes.

I trust that this information will resolve the questions raised in regard to this operational test project.

Sincerely yours,

Theodore A. McConnell
Chief Counsel

cc: Mr. Edward Roberts
New York State DOT